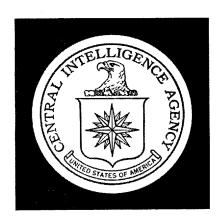


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DIRECTORATE OF INTELLIGENCE

Intelligence Report

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1. FRANCE

The slim majority which the Gaullists received in the Sunday legislative elections is unlikely to affect De Gaulle's major policies.

The government will probably pick up enough support from unaffiliated conservatives to enable it to push most of its programs through. The Assembly probably will not be as consistently responsive to De Gaulle as the previous one, however, because the number of hard-line Gaullists has been reduced. The Gaullist-allied Independent Republicans of Valery Giscard d'Estaing, who has made it clear that he will not give unconditional support to the government, now hold a proportionally greater share of the coalition's seats.

The left-wing opposition, with almost 200 seats, will have difficulty in maintaining unity for effective challenges. On foreign affairs, Francois Mitterrand's Federation and the Communist Party are more or less in accord with present Gaullist policies. On domestic issues, challenges from the left are unlikely to receive much help from the center, which supports views more in accord with those of the Gaullists. The government can only be brought down by a censure motion supported by a majority.

Jean Lecanuet's Democratic Center suffered severe losses, and unless it can pick up enough support from unaffiliated deputies to permit its accreditation as a parliamentary grouping, it will probably dissolve, with some of its deputies going over to the government. The gains by the Communist Party, which improved its representation by 75 percent, will give it a new measure of respectability and a formidable voice in influencing the actions and outlook of the left in general. (CONFIDENTIAL)

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2. CENTRAL EUROPE

Disturbed by Rumania's establishment of diplomatic relations with West Germany last month, Poland and East Germany are forming a new, anti-West German entente within the Warsaw Pact.

Deeply committed to the status quo in Central Europe, Warsaw and Pankow are loath to see any more East European states "normalize" relations with West Germany until Bonn makes concessions on a number of territorial and other issues, some dating back to World War II.

On 1 March, Poland and Czechoslovakia renewed their treaty of mutual assistance and later announced they would shortly conclude alliances with East Germany. Although these treaties are primarily intended as psychological counters to Bonn's new policy, Warsaw and Prague probably also regard them as long-term reinsurance that their interests will be considered in any settlement of the German problem. Czechoslovakia, however, is the least enthusiastic member of the entente.

Hungary and Bulgaria are the weakest links in Eastern Europe on this issue. These states have been under considerable pressure from most of their Warsaw Pact allies, and more will probably be applied at an East - West European Communist party conference scheduled to be held in Czechoslovakia next month. Both have apparently already been persuaded to postpone following Rumania's example, at least temporarily.

Polish Foreign Minister Rapacki has taken soundings in London and Paris in recent weeks but apparently failed to elicit support for Polish views on the German problem.

On the other hand, Poland has also attempted to retain some flexibility in its bilateral relations with Bonn by posing lesser conditions for establishing diplomatic relations than for normalizing them. (SECRET)

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3. NIGERIA

The fragmentation of Nigeria seems unavoidable unless a modus vivendi between Eastern military governor Ojukwu and Supreme Commander Gowon can be achieved in the next few weeks. Ojukwu did not attend the latest Supreme Military Council meeting in Benin City on 9-10 March, despite the entreaties of personal emissaries from Ghana's General Ankrah.

Ojukwu is basically unwilling to depart from his advocacy of a loose federal structure, a nearly separate Eastern army, and a larger allocation of revenues to the Ibo East. However, he is still keeping the door open for negotiations and may yet settle for something short of his total demands.

Gowon is planning economic sanctions if Ojukwu secedes or takes control of revenues now allotted to the federal government. He is determined to prevent Eastern secession, by peaceful means if possible but by force if necessary. However, an easy military victory over the East is not likely.

The tense situation throughout Nigeria is illustrated by the spate of reports of arms deliveries to the Eastern region, of the patrolling of Nigeria's largest naval ship off the Eastern coast, and of plans for a military attack in strength upon the East from the Northern Region.

Another source of conflict has been surfaced by reports of an "understanding" between Ojukwu and Western Yoruba leaders who have become disenchanted with Gowon. Yorubas resent the virtual occupation of their Western Region by Northern soldiers, and are decidedly in favor of looser federal control.

With Yorubas reportedly arming themselves, Ojukwu exhorting the East to prepare for any eventuality, and the Northerners ready and willing to strike out at Ojukwu, renewed tribal violence in the near future is a strong possibility. (SECRET NO FOREIGN DISSEM) (Map)

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4. ARGENTINA

Military pressures on the Ongania government have at least temporarily subsided, increasing the prospects for achieving a measure of genuine economic progress.

Military leaders are pleased that Ongania is relying on the National Security Council to counter labor agitation, thereby giving the armed services chiefs, who dominate the council, a greater voice in policy making. Previously these leaders, especially army commander in chief General Julio Alsogaray, had complained that they were excluded from major government decisions and that the pace of the government's reform program was too deliberate. The relaxation of military pressure should permit progress in implementing the plans drawn up by Minister of Economy Krieger Vasena for economic stabilization and reduction of the chronic budget deficit.

When organized labor decided last month to invoke an "Action Plan" of strikes and demonstrations to protest labor reforms, Ongania called a meeting of the National Security Council, and then announced that military force would be used to put down any trouble. Subsequent strikes were unsuccessful and government pressure tactics forced the unions to cancel plans for a 48-hour general strike next week.

Although the generals have publicly voiced their support for the government, they have also stated that they are keeping a close watch on the further progress of the Ongania "revolution." General Alsogaray believes that the armed forces should still be the final arbiters and should remove Ongania if he strays from what the generals believe is the correct "revolutionary" line. (SECRET NO FOREIGN DISSEM)

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